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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

92-2231

For the Quarter Ended
March 31, 1992

0-18178
Commission File Number

Action Products, Inc.
(Exact Name of Registrant as Specified in its Charter)

Arizona
(State or Other Jurisdiction of Incorporation or Organization)

84-1046532
I.R.S. Employer

PROCESSED BY
MAY 21 1992
Microfilmed by
Q-Data Corp. - St. Petersburg, FL

2605 W. 1st Street
Tempe, Arizona
(Address of Principal)

85281
(Zip Code)

(602) 894-9209
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Number of shares outstanding of the Issuer's Common Stock, $.01 par value, as of March 31, 1992: 2,584,053

ACTION PRODUCTS INC.

BALANCE SHEETS
MARCH 31, 1992 AND DECEMBER 31, 1991

Assets

	1992 (Unaudited)	1991
Current assets		
Cash	$121,316	$127,364
Accounts receivable - trade	$565,793	$671,104
Other receivables	$25,927	$26,889
Inventories		
Raw material & work in process	$555,582	$612,067
Finished goods	$54,948	$60,532
Prepaid expenses	$48,949	$37,947
Deposits	$126,685	$126,713
Total current assets	$1,499,200	$1,660,596
Property and equipment, at cost		
Machinery and equipment	$314,277	$314,277
Tooling	$740,540	$737,690
Furniture and fixtures	$77,713	$77,713
Vehicles	$14,910	$14,910
Leased equipment	$37,646	$37,646
	$1,185,086	$1,182,236
Less - accumulated depreciation	($1,059,549)	($1,023,578)
	$125,537	$158,658
Deposits	$5,278	$6,678
	$1,630,015	$1,825,932

Liabilities and Stockholders' Equity

Current liabilities		
Current portion of notes payable-stockholders	$1,824,000	$1,824,000
Accounts payable - trade	$984,703	$1,041,669
Accrued payroll and other expenses	$226,270	$226,872
Customer deposits	$50,152	$30,860
Total current liabilities	$3,085,125	$3,123,401
Stockholder' equity		
Cash distributed to First Interstate Bank	($188,898)	($56,848)
Preferred stock-without par value-		
Authorized - 250,000 shares		
Issued and outstanding - 14,000 shares in 1992 and 14,000 in 1991	$1,400,000	$1,400,000
Common stock - .01 per value		
Authorized - 10,000,000 shares		
Issued and outstanding - 2,584,053 shares in 1992 and 2,584,053 in 1991	$25,841	$25,841
Additional paid-in capital	$984,410	$984,410
Retained earnings (deficit)		
Preferred dividends in arrears	$415,000	$367,000
Unappropriated	($4,091,463)	($4,037,872)
Total retained earnings (deficit)	($3,676,463)	($3,650,872)
Total stockholders' equity (deficit)	($1,455,110)	($1,297,469)
	$1,630,015	$1,825,932

ACTION PRODUCTS, INC.

Statement of Cash Flows
For the Three Months Ended March 31, 1992 and March 31, 1991

	1992 (Unaudited)	1991 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	($25,591)	($84,840)
Adjustments to reconcile net (loss) to net cash (used) by operating activities		
Depreciation	$35,971	$75,405
Changes in assets and liabilities		
(Increase) decrease in accounts receivable-trade	$105,311	$386,249
(Increase) decrease in accounts receivable other	$963	($29)
(Increase) decrease in inventories	$62,048	$351,202
(Increase) decrease in prepaid expenses	($11,002)	($189,623)
(Increase) decrease in other current assets	($572)	$7,490
Increase (decrease) in accounts payable	($56,966)	($218,705)
Increase (decrease) in accrued expenses	($601)	($303)
Increase (decrease) in customer deposits	$19,292	($4,944)
Total adjustments	$154,444	$404,742
Net cash provided by operating activities	$128,853	$319,902
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	($2,850)	($22,782)
Proceeds from sale of assets		
Net cash (used) by investing activities	($2,850)	($22,782)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on borrowing from affiliate		($273,294)
Principal payments on current portion of long term debt		($3,137)
Cash distributed to First Interstate Bank	($132,051)	
Net cash (used) by financing activities	($132,051)	($276,431)
Net increase in cash	($6,048)	$20,689

ACTION PRODUCTS INC.
Statements of Operations and Retained Earnings (Deficit)
For the Three Months Ended March 31, 1992 and March 31, 1991

	Three Months Ended March 31, 1992 (Unaudited)	Three Months Ended March 31, 1991 (Unaudited)
Sales	$868,024	$1,447,155
Cost of sales	$798,155	$1,346,405
Gross profit	$69,869	$100,750
Selling, general and administrative expenses	994,405	$130,620
Operating income (loss)	($24,536)	($29,870)
Other costs and expenses		
Interest expense	$1,055	$54,970
	$1,055	$54,970
Net income (loss)	($25,591)	($84,840)
Retained earnings (deficit), beginning of period	($3,650,872)	($3,111,315)
Preferred Stock Dividends Paid		
Retained earnings (deficit), end of period	($3,676,463)	($3,196,155)
Net income (loss) per common share	(.010)	(.033)
Weighted average number of shares outstanding	2,584,053	2,584,053

Item 2: Management's : scussion and Analysis

Results of Operations.

As disclosed in the Company's 8K reports dated November 14, 1991, and December 19, 1992 and its annual report on Form 10-K, a receiver was appointed to manage the assets and business of the Company in anticipation of their sale. During the first quarter of 1992, the Receiver paid to the major secured party of the company $132,000.00.

Sales for the first quarter were $868,024 as compared to $1,447,155 for the same period last year. The Sales decline is attributed to uncertainty about the Company's continued operations due to the appointment of the receiver. The Company had a gross profit of $69,869 or 8% of net sales for the first quarter, 1992 as compared to $100,750 or 6% of net sales for the same period last year. This increase is attributed to increases in the price of the product and reductions in cost. Sales, general and administrative expenses decreased from $130,620 for the First Quarter, 1991 to $94,405 for the First Quarter, 1992 as a result of elimination of staff.

The Company had a gross loss of $25,591 for the First Quarter of 1992 as compared to a gross loss of $84,840 for the same period last year. This decrease is attributable to the suspension of the accrual or payment of interest on the Company's major indebtedness as a result of the appointment of the Receiver.

Liquidity and Working Capital.

As reported in the Company's annual report on Form 10-K, the assets of the Company were turned over to the Company's major creditor, Joe Hrudka, in satisfaction of his loan of $1,824,000 in October, 1991. On May 1, 1992, Mr. Hrudka sold the operating assets of the Company to Mini Wheels West, Inc. The proceeds of this sale and all outstanding accounts receivable of the Company were paid to First Interstate Bank of Arizona, N.A. (Bank) to satisfy his indebtedness to the (Bank) and to obtain a release of the security interest of the Bank in the operating assets of the Company. As previously reported, Mr. Hrudka had borrowed the Funds he had loaned to the Company from the Bank. In addition to these payments, the Bank required Joe Hrudka, Edmund L. Fochtman, and Fred Wagenhals, directors and major shareholders of the Company, to sign deficiency notes to secure the release of the assets.

As of May 1, 1992, the only remaining asset of the Company is a net operating loss carryforward of $3.6 million.

PART II OTHER INFORMATION

Item 1 Legal Proceedings -- None

Item 2 Changes in Securities -- None

Item 3 Defaults Upon Senior Securities -- None

Item 4 Submission of Matters to a Vote of Security Holders

None

Item 5 Other Information -- None

Item 6 Exhibits and Report on Form 8-K

(a) Exhibits -- None

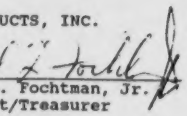
(b) Reports Filed on Form 8-K -- None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACTION PRODUCTS, INC.

Date: May 14, 1992

By 
Edmund L. Fochtman, Jr.
President/Treasurer